

Composition of Trade

6.25 The turnaround in exports in 1999-00 was led by a sharp rise in exports of manufactured goods which, in US Dollar value, increased by 18.8 per cent as against a decline of 2.7 per cent in 1998-99, thus, enhancing their share in total exports to 81.6 per cent (Figure 6.3). The upturn was seen in respect of all major manufactured items like gems & jewellery (28.8 per cent) chemical & related products (12.5 per cent), engineering goods (11.2 per cent), textiles including readymade garments (10.9 per cent) and handicrafts (6.8 per cent). Exports of leather and manufactures, however, declined by 7.4 per cent as against a rise of 0.2 per cent in 1998-99. Similarly, exports of crude & petroleum products declined by 66.5 per cent, further lowering the share of these exports in total exports from 0.3 per cent in 1998-99 to 0.1 per cent in 1999-00. The exports of ore & minerals were revived slightly with these exports recording a growth of 1.5 per cent in 1999-00 as against a decline of 15.8 per cent in 1998-99 due mainly to a rise of 76.2 per cent in exports of other (than iron ore & processed minerals) ores & minerals. Contribution of agricultural and allied exports declined further from 18.1 per cent in 1998-99 to 14.6 per cent due to a decline of 9.0 per cent in these exports in 1999-00. Major agricultural commodities registering decline in growth included rice (-52 per cent), tea (-24.3 per cent), coffee (-23.4 per cent) and oilmeals (-19.8 per cent). Exports of cashew nuts (46.2 per cent), unmanufactured tobacco (35.7 per cent), marine products (13.6 per cent) and fruits & vegetables (9.9 per cent), however, recorded substantial increases during the year.

6.26 The buoyancy in exports in the current financial year is contributed by growth in manufactured exports, exports of ores & minerals and petroleum products, which have recorded growth rates of 19.9 per cent, 87.5 per cent and 2473.1 per cent respectively during April-October, 2000. Agriculture and allied products continue to show a declining trend with exports from this sector shrinking by 2.8 per cent during this period. The export growth during April-October 2000 is thus powered by strong performance in industrial items like chemicals & related products (38.0 per cent), textiles including readymade garments (18.8 per

cent), engineering goods (28.5 per cent), leather & related manufactures (24.8 per cent) and gems & jewellery (7.6 per cent). Exports of iron ore (54.4 per cent) and processed minerals (581.5 per cent) under the ores & minerals products and oilmeals (44.9 per cent) and marine products (18.1 per cent) under agriculture and allied products have also recorded high increases in exports during this period. The specific fastest growing export commodities during the current financial year are given in Table 6.7. Major commodities showing poor export performance in the current financial year so far include unmanufactured tobacco (-40.3 per cent), coffee (-33.9 per cent), cashew nuts (-28.0 per cent), spices (-22.0 per cent), raw cotton (-18.8 per cent), tea (-14.9 per cent) and cereals (-1.4 per cent).

6.27 The composition of imports show wide variations in import growth across commodity groups in 1999-00. Imports of petroleum crude & products, increased by 63.8 per cent due mainly to strengthening of international crude oil prices. Fertilizer imports grew by 28.8 per cent on account of a shortfall in domestic production vis-à-vis demand. The sharp increase in export related imports like pearls, precious and semi-precious stones by 43.0 per cent could be attributed to the pick up in exports of gems & jewellery during this period. Among others, imports of electronic goods (19.1 per cent), wood & wood products (19.4 per cent), non metallic mineral manufactures (7.5 per cent) and chemicals (4.1 per cent) recorded significant growth, broadly reflecting the improvement in manufacturing output during the year. On the other hand imports of food & allied products declined by 10.1 per cent, paper board manufactures & newsprint by 11.8 per cent, gold & silver by 13.2 per cent, non-ferrous metals by 9.0 per cent, iron & steel by 7.9 per cent, medical and pharmaceutical products by 9.7 per cent and crude rubber, including synthetic and reclaimed, by 8.3 per cent in 1999-00. Capital goods imports also declined sharply by 29.7 per cent during 1999-00 reflecting a slackening of investment demand in the economy. Given this performance, the share of capital goods in total imports in 1999-00 declined to 11.4 per cent (18.1 per cent in 1998-99), of food & allied products to 5.6 per cent (6.9 per cent in 1998-99) and of other intermediate goods to 33.8 per cent

(35.4 per cent in 1998-99). The share of POL imports, on the other hand, rose from 15.1 per cent in 1998-99 to 22.2 per cent in 1999-00.

6.28 Imports in the current financial year have so far been driven by POL imports which have increased by 73.3 per cent during April-October, 2000, thus resulting in a sharp jump in share of these imports in total imports to 32.8 per cent in the current financial year. Non-POL imports on the other hand have declined by 5.7 per cent during this period on account of reduction in imports by 40.7 per cent for food & allied products, 52.0 per cent for fertilizers, 15.1 per cent for capital goods and 8.6 per cent for other intermediate imports. Major commodities contributing to this decline in imports in the current financial year include cereals (-92.4 per cent), edible oils (-35.3 per cent), gold & silver (-14.3 per cent), chemicals (-15.3 per cent), sugar (-97.3 per cent), medicinal &

pharmaceutical products (-7.5 per cent), metalliferous ores & metal scrap (-18.8 per cent) and non-ferrous metals (-2.3 per cent). The continued languishing of capital goods imports coupled with current trends in domestic production of these goods may indicate a sluggishness in domestic investment demand coupled with existence of under-utilization of production capacities. However, commodities like coal, paper board & newsprint, iron & steel, machinery, electronic goods, dyeing, tanning, colouring materials, manufacture of metals, textile yarn, fabrics & made ups, professional instruments, optical goods etc., and cashew nuts (Table 6.7) have registered significant increase in imports during the current financial year so far. The actual record of a fall in non-oil imports in the current year so far is in sharp contrast to the popular perception of increasing imports hurting domestic industry.

TABLE 6.7
Fastest Growing Commodities : Exports & Imports (2000-01)

(Amounts in US \$ million)

Commodities	Weights*	1999-00 (Apr-Oct.)	2000-01 (Apr-Oct.)	% Change
Exports				
1. Petroleum, crude products	3.1	30.1	773.9	2473.1
2. Primary & semi finished iron & steel	2.3	352.6	578.9	64.2
3. Plastic & linoleum products	1.9	338.6	478.5	41.3
4. Electronic goods	2.0	360.3	506.1	40.5
5. Leather & manufactures	3.0	563.3	760.3	35.0
6. Inorganic/organic/agro chemicals	1.9	358.5	477.0	33.1
7. Manufactures Of metals	3.6	720.0	897.7	24.7
8. Ready made garments	13.0	2643.3	3256.5	23.2
9. Marine Products	3.1	661.4	781.5	18.2
10. Machinery & Instruments	3.4	692.8	854.3	23.3
11. Cotton yarn, fabrics made ups etc	8.0	1802.1	1996.3	10.8
12. Gems & Jewellery	18.0	4207.9	4503.0	7.0
Imports				
1. POL	32.8	5637.4	9771.6	73.3
2. Electronic goods	6.9	1469.6	2046.8	39.3
3. Dyeing, tanning, colouring materials	0.5	109.9	147.9	34.5
4. Textiles yarn, fabrics, made ups articles	1.1	266.2	337.5	26.8
5. Fertilizer crude	0.5	120.0	144.6	20.4
6. Coal, coke & briquettes etc	2.2	550.7	650.9	18.2
7. Manufactures of metals	0.8	208.2	225.5	8.3
8. Paper board, manufactures & news print	0.9	248.3	265.4	6.9
9. Electrical machinery	0.8	234.0	248.2	6.1
10. Cashew nuts	0.5	140.8	148.6	5.6
11. Professional instruments, optical goods etc	1.6	473.2	489.7	3.5
12. Iron & Steel	1.5	445.7	455.4	2.2

* : Weights have been worked out on the basis of share of value in 2000-01 (April-October)
Source: DGCI&S, Calcutta